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Title: The Minister of State of the Ministry of Statistics and Programme Implementation laid the statement regarding status of implementation of the recommendations contained in the 19th and 20th Reports of the Standing Committee on Chemicals and Fertilizers on Demands for Grants (2011-12), pertaining to the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers.

THE MINISTER OF STATE OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): I beg to lay the statement on the status of implementation of the Recommendations contained in the Nineteenth Report of the Standing Committee on Demands for Grants for 2011-12 of the Department of Pharmaceuticals (Ministry of Chemicals & Fertilizers) in pursuance of the directions issued by the Hon'ble Speaker, Lok Sabha.

The Standing Committee on Chemicals & Fertilizers examined the Demands for Grants of the Department of Pharmaceuticals (Ministry of Chemicals & Fertilizers) for the year 2011-12 and presented their Nineteenth Report to Lok Sabha on 04.08.2011. The Report contains 8 Recommendations. The gist of the Recommendations is as follows:

i) Under utilization of funds allocated under various schemes. The need for the Department to gear up its machinery to ensure that sanctioned outlays are utilized uniformly to achieve the objectives of growth of Pharma industry so that the creation of the Department of Pharma as distinct entity is fully justify.

ii) Despite earlier recommendation to make all the six Nipers fully functional by April 2011, the matter is still at the stage of acquiring land except that in the State of Gujarat. While expressing displeasure at the slow pace of work the Committee desires to take necessary steps so that all the six Institutes of NIPER are made fully functional.

(iii)Out of the five schemes proposal by NPPA for the Eleventh Five Year Plan in 2007, three schemes are yet to get in-principle approval of the Planning Commission. The committee deprecates the inordinate delay on the part of the Department in getting requisite approval from Planning Commission for all the schemes.

(iv) One of the major reasons for losses in PSUs is inefficiency in operation and poor marketing management and stiff competition. The Committee are of the considered opinion that PSUs should improve their marketing strategy and overcome competition from private concerns and venture into the open market with full vigour. All pending proposals for the revival of Pharma PSUs should be expeditiously considered and the Government should extend every possible help to revive them.

(v)BCPL was declared sick in 1993 is yet to be revived and a considerable time has been lost in the process. At this stage the committee cannot but overemphasis the need for periodical monitoring of the implementation of the revival plan at the highest level so that the company should carry out its operation at the earliest and is able to achieve its objectives. The committee expects concrete action in a time bound framework.

(vi)The Committee expect the HAL to fully utilize the funds sanctioned and for its revival and endeavor considerable improvement in its performance and also to generate profits, in addition to fulfilling its social obligations of manufacturing life saving drugs for the common man and economically weaker sections of the society.

(vii)The committee regrets to observe that the draft Cabinet Note for revival of IDPL is stated to be still under submission to the Ministry of Chemicals and Fertilizers. The fact that the Department has taken too long time to revive the company is just regrettable. The committee would like to be informed about the precise reasons as to why it has taken so much time in submission of the requisite draft note to the Cabinet. While emphasizing the need for expeditious action in this regard the committee desire that the revival plan should be formulated and implemented without any further delay.

viii) Promotion of unbranded generic medicines through Jan Aushadhi Stores (JAS). The committee taking note of the measures taken would like to be apprised at regular intervals of the concrete progress made in ensuring that generic drugs are made available at cheaper rate to the common man throughout the country at the earliest

It is submitted that the underutilization of funds was, mainly, in case of new NIPER like institutes. This was due to certain administrative reasons like difficulty in acquiring suitable land in different selected cities and finalization of concrete proposals, resulting in the pace of expenditure being lower (resulting in low final expenditure). The land for NIPER, Ahmedabad and Guwahati has been allotted. The core construction activities are to begin shortly. The Department would like to assure that in consonance with the concerns of the Committee, the Department shall continue to endeavour so that the avowed objectives for creation of Department of Pharmaceuticals as a distinct entity are fully achieved.

The Cabinet has approved the proposal of establishment of new NIPERs at its meeting held on 30.9.2011. Following approval of the Cabinet for establishment of six new NIPERS at Gandhinagar, Hyderabad , Hajipur, Kolkata, Guwahati and Rae Bareli, it would now be possible to undertake work of construction of NIPER campus, where land is available. At present, land is available at Gandhinagar and Guwahati. At other places, matter is being pursued at the level of Minister of Chemicals & Fertilizer with the Chief Ministers of UP, Andhra Pradesh, West Bengal and Bihar . Action is underway to fill up the post of Director in each new NIPER. Revised advertisements have been issued in April, 2012. Action is also underway to create faculty and non-faculty posts in new NIPERs. A proposal is already under consideration to constitute Board of Governors for each NIPER in terms of the NIPER Act, 1998

Out of five components of the scheme for strengthening of NPPA, Planning Commission had accorded 'in principle' approval for only two components concerning 'Building Robust & Responsive Statistical System for NPPA" and proposal for "Consumer awareness and publicity through Print, Electronic and other medium".

Regarding inefficiency in operation and poor marketing management and stiff competition it may be stated that all out efforts are being made to overcome these deficiencies.

Rs.207.19 crore for revival of BCPL has been released. The civil construction, commissioning of plant & machinery/utilities & ETP in Panihati has been completed and commercial production has been commenced. In Maniktala Factory, Store Building, Utilities, ETP, Roads and drains have been completed and installation & commissioning of Betalactum & CEPHALOSPORIN Block are in Progress. ASVS and Liquid Block, Power block as reported by BCPL have been held up due to Court Case, Tablet, ORS, renovation/upgration of existing block, sterile block etc in Kanpur Factory are in progress. Monitoring of the implementation of the revival plan of BCPL is being done through inspection visits of senior officers of this Department.

HAL is endeavoring to fully utilize the funds sanctioned for its revival. HAL has set-up Cephalosporin Powder Injectable facilities at an estimated cost of Rs. 12.00 crore. This facility has been accredited with WHO-GMP certification. The company has also taken up upgradation of existing Powder Injectable line. The Project work has been completed at an estimated cost of Rs. 8.00 crore and trials and validation of the plant & facilities is being carried out. In addition, the company has completed upgradation of its Quality Control Laboratory at the cost of Rs. 2.00 crore. Further, upgradation of non- parenteral facilities at the cost of Rs. 8.00 crore is under execution and Rs. 4.01 crore has been utilized so far, which is expected to be completed by end of this year.

The modified revival plan submitted by IDPL is being examined in the Department for preparation of a Cabinet Note. Further Rs. 4.45 Crore was released during 2010-11 and Rs.4.60 crore in 2011-12 to make three plants: Rishikesh, Gurgaon & Chennai plants of IDPL become Schedule M /WHO GMP compliant. Revival Plan is still under consideration of the Government.

A total of 112 Jan Aushadhi Generic Drug Stores have been opened, having presence in eleven States namely Andhra Pradesh, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Odisha, Punjab, Rajasthan, Uttarakhand, West Bengal and Efforts are being made to open more number of stores in these states. It is expected that 111 stores will be opened in 2012-13 in order to reach quality generic drugs at affordable prices to the common man.

THE MINISTER OF STATE OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): I beg to lay the statement on the

status of implementation of the Recommendations contained in the Twentieth Report of the Standing Committee on Demands for Grants for 2011-12 of the Department of Chemicals & Petrochemicals (Ministry of Chemicals & Fertilizers) in pursuance of the directions issued by the Hon'ble Speaker, Lok Sabha.

2. The Standing Committee on Chemicals & Fertilizers examined the Demands for Grants of the Department of Chemicals & petrochemicals (Ministry of Chemicals & Fertilizers) for the year 2011-12 and presented their Twentieth Report to Lok Sabha on 04.08.2011. The Report contains 11 Recommendations. The gist of the Recommendations is as follows:

i) The Committee emphasizes continuance of stimulus packages for some more time and expect the Department to play proactively the designated role of facilitator for the development of chemicals and petrochemicals industry.

ii) The report of task force be finalized and Department may take steps for early stabilization of Chemical Industry. The initiatives like National Policy of Petrochemical and Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) are properly implemented.

iii) The Department of Chemicals and Petrochemicals should impress upon the Ministry of Finance to reduce the excise duty to 8% from the present rate of 10% in order to further boost production and sustain the present momentum of growth in the sector. The initiative of stimulus package should not be a short term measure but the same should continue till the per capita use of polymers and plastics comes at par with the developed countries of the world.

iv) An urgent need for proper planning and drawing up of realistic estimates and timely and prudent use of approved outlays. The Department of Chemicals and Petrochemicals should also endeavor to impress upon the Planning Commission and the Ministry of Finance to allocate necessary funds for the various schemes and programmes that are asked for.

v) A Plastic Waste Management Centre (PWMC), set up in Guwahati, has started functioning since August 2009. The Committee appreciate the steps taken by the Department to set up other Plastic Waste Management Centre in various parts of the country, including Delhi. The Committee would like to be apprised of any new measures and progress made in this regard on 7 February 2011. The Committee call upon the Department of Chemicals and Petrochemicals to ensure that the new Rules on Plastic Waste (Management and Handling) Rules, 2011, notified by the Ministry of Environment and Forests (MoEF) are implemented expeditiously and applied uniformly throughout the country.

vi) CIPET need to be further strengthened in its endeavour of popularizing plastics for everyday use, quality up-gradation of plastic products, and proper management of wastes. With this purpose in mind, the Committee recommend the CIPET Centres should be further expanded so as to reach down to the district level, preferably in collaboration with district level educational trust societies.

vii) As regards the Institute of Pesticides Formulation Technology (IPFT), the Department has since instituted a Justification and Specification Committee to address problems in the procurement process. In the light of these, the Committee expect better performance and results from this important Institute (IPFT) and wish to be apprised of the status and progress of the Justification and Specification Committee thus set up.

viii) Assam Gas Cracker Project (AGCP) was approved by the Governmert 011 18 April 2006 as a part of projects undertaken for rapid economic growth of the State of Assam. AGCP is scheduled for commissioning in April 2012 and a joint vent are company, Brahmaputra Cracker & Polymer Limited (BCPL) has been incorporated for execution of this project. The Department, as the implementing agency for AGCP, shoi Id take expeditious concrete steps for removal of hurdles so as to ensure the execution of t le project at the earliest. The Committee also wish to point out that despite the provision of a mechanism of non-lapsable pool fund for North Eastern States in the budgetaiy allocations, such important projects suffer. The onus of delay is only on the Departmen.. The Committee would like to be apprised of the steps taken in this regard.

ix) Regarding the National Policy on Petroleum, Chemical and Petrochemics 1 Investment Region (PCPIR), which the Government approved in April 2007, the Committee note that four PCPIR proposals from the State Government of Andhra Pradesh, Gujarat, West Bengal and Orissa have already been approval by the Government of India. Another proposal from Tamil Nadu for setting up two PCPIRs at Cuddalore and Nagapattinam is under process. The Committee desire that the approval for these two PCPIRs should be obtained expeditiously. The Committee

also recommend that the Department should harness optimum benefits from these Regions and deliver the same to all the stakeholders and public at large. The Committee would like to be informed about the action taken in this regard.

x) The Committee note that there are problems afflicting the two units of the Hindustan Organic Chemicals Ltd (HOCL), a public sector undertaking under the Department of Chemicals and Petrochemicals. The two units are located at Rasayani In Maharashtra and Kochi in Kerala. The Committee had expressed concern about the low sales volume in relation to production at the two units. There was no sound marketing policy being followed at HOCL and the post of Director at HOCL, Mumbai was lying vacant for a long time. The Committee were apprised that the Chemicals industry had borne the brunt of the global meltdown and this partly accounted for revenue losses during 2008-09. The Department had assured the Committee that remedial measures were being taken in all these spheres. The Committee would like to be informed about the concrete steps taken on these issues.

xi) While the Committee are aware that the stoppage of production of Endosulfan will affect the Green Revolution as well as the Company's profit margins, they are of the firm view that public health considerations cannot be compromised in any way. The Committee expect the Company to take urgent steps to keep the Company viable while exploring alternate venues to relocate manpower displaced. The Committee also recommends that safe alternatives to Endosulfan be found out in view of its efficacy in plant protection. The Committee desire to be kept informed about all remedial steps taken in this regard.

3. It is submitted that the Department continued to play the role of facilitator in the development of the chemicals & petrochemicals industry. A five year plan (2012-17) document for the Indian chemical sector has been prepared. This document examines major policy issues and makes recommendations for enhancing investment, global competitiveness, accelerated and sustainable development of chemical sector. Draft National Chemical Policy 2012 has also been framed & it is also being finalized to identify the issues to be addressed.

4. The Department is implementing 3 schemes in the petrochemical sector viz. (i) Setting up of dedicated Plastic Parks - to promote a cluster approach for the development of plastic applications and plastic recycling; (ii) Scheme of National Awards for Technology Innovations in Petrochemicals and downstream Plastic Processing Industry - to incentivize meritorious innovations and inventions in the field of Petrochemicals; and (iii) Setting up of Centres of Excellence (CoE) in the field of Petrochemicals - to set up internationally recognized centres for the analysis and dissemination of existing global knowledge in the chosen fields, provide authoritative, strategic and timely information to organizations and companies for use in the development and implementation of their projects/programmes while engaging in future path-breaking R&D efforts. The National Chemical Laboratory, Pune and Central Institute of Plastic Engineering and Technology (CIPET), Chennai have been selected for setting up the Centres of Excellence (CoE) and necessary funds have been released. National Awards for the year 2010-11 and even 2011-12 have also been distributed. The Programme Manager for implementation of the scheme of plastic parks has also been appointed. After considering the proposals received, an in-principle clearance has already been given for the plastic parks proposals received from Tamil Nadu, Odisha, Madhya Pradesh and Assam. The formulation and implementation of various schemes under the aegis of the National Policy on Petrochemical are being taken up vigoursly by the Department.

5. The excise duty in the budget for the year 2012-13 has been increased from 10% to 12%. The Department does not consider it feasible to advocate a lower rate of excise duty for the chemical & petrochemical sector, when the increased rate has been made applicable to number of sectors, through the Policy instrument of the budget.

6. The Department has always endeavoured to have a realistic assessment of fund requirement and use the funds allocated in a prudent as well as timely manner. The Department shall continue to do so.

7. The Ministry of Environment and Forests has notified the Plastic Waste (Management and Handling) (Amendment) Rules on 2nd July, 2011. The new Rules have entrusted the responsibility of plastic waste management to the concerned municipal authority and manufacturers / brand owners through 'Extended Producer's Responsibility'. As the said rules have been issued under the Environment (Protection) Act, 1986, the responsibility for implementing these rules rests with the Ministry of Environment and Forests. Nevertheless, the Department of Chemicals & Petrochemicals which is in full

agreement with the rules and shall extend full cooperation to the Ministry of Environment & Forests and the State Governments in the implementation of these rules.

8. CIPET is already expanding its activities. A new advanced Tooling & Plastics Products Development Centre has started at Madurai. The proposal for establishment of a plastic testing laboratory at Madurai at a cost of Rs.2 crore is also under examination. CIPET is also contemplating to establish a specialized centre i.e. "Centre for Bio- Polymer Science and Technology" in Kochi in the State of Kerala.

9. The Justification & Specification Committee of IPFT ensures streamlining of procurement process in IPFT. The equipments are procured after recommendations of the Committee. The Committee is active and meeting regularly for procurement of capital equipments in the Institute.

10. The Assam Gas Cracker Project implemented by Brahmputra Crackers and Polymers Ltd. (BCPL) is expected to be completed by Dec. 2013. During 2012-13 a capital subsidy of Rs.1552 crore has been provided in the budget and the Department expects to receive Rs.1000 crore more later in the financial year through supplementary demands for grant. The implementation is monitored monthly at the Secretary level and quarterly by PMO.

11. Setting up a PCP1R at Cuddalore and Nagapattinam has been approved by the High Powered Committee, subject to resolution of a few outstanding issues with the Ministry of Road Transport and Highways. The total investment in the region is Rs.99750 crore. The total investment in external infrastructure is estimated to be Rs. 13800 crore, which includes support from the Government of India to the tune of Rs.5120 crore. A draft Cabinet Note has been prepared and circulated to all concerned Ministries/Departments for their comments. The proposal will be placed before the Cabinet soon for a final decision.

12. As part of the strategy to improve the performance of FIOCL, it has been considered that HOCL may tie up with a strategic partner to gainfully utilize the vacant land and other infrastructure available at Rasayani. M/s. Rashtriya Chemicals & Fertilizers (RCF) Mumbai, which is a major manufacturer of fertilizers and industrial chemicals, has shown interest in the proposed strategic alliance. M/s. Deloitte has been appointed to do the due diligence of the proposed strategic alliance between RCF and HOCL. The consultant will carry out financial & operational studies, opportunity assessment for the merged entity/alliance including new products, synergies identification & realization strategy, restructuring option, etc. Further, as regards the imposition of ADD on phenol, Acetone & Athiline, it is mentioned the same has been in force, till now.

13. HIL's unit in Kochi has been in operation since 1957. The report regarding violation of Kerala State Pollution Control Board (KSPCB) was mainly with reference to desludging of a lagoon which is in existence since inception of HIL. Though the lagoon was isolated and not part of the manufacturing process, the closure notice was issued mainly to stop HIL from manufacturing Endosulfan, as it had become a contentious issue in the State. The unit also has an Effluent Treatment Plant. HIL got the order on 27.05.2011 to restart all facilities other than Endosulfan as decided by the hon. Supreme Court which had placed a temporary ban on manufacture and sale of Endosulfan. All plants, that manufacture, barring Endosulfan, are fully operational at Udyogamandal and there has not been any losss of job. All employees are gainfully employed in other operating plants at Uyogamandal. HIL has taken up the manufacture of an input for Dicofol at the Endosulfan Plant of Udyogamandal unit which was hitherto being manufactured at Rasayani. With reference to Endosulfan, the matter is sub-judice and the company, alongwith other manufacturers, is in close dialogue with the Ministry of Agriculture regarding development of alternatives to Endosulfan. HIL has already initiated steps to manufacture six new technicals at Rasayani Unit. These plants, when fully operational, will more than compensate for the loss due to ban on Endosulfan.